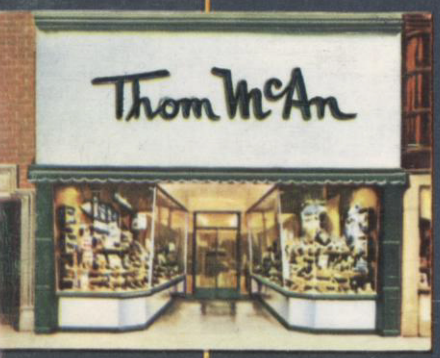
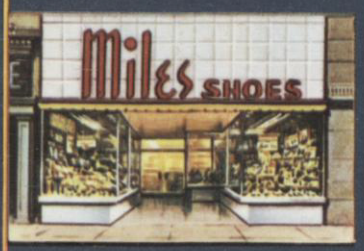
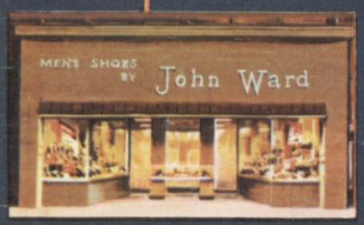
42nd ANNUAL REPORT - 1955







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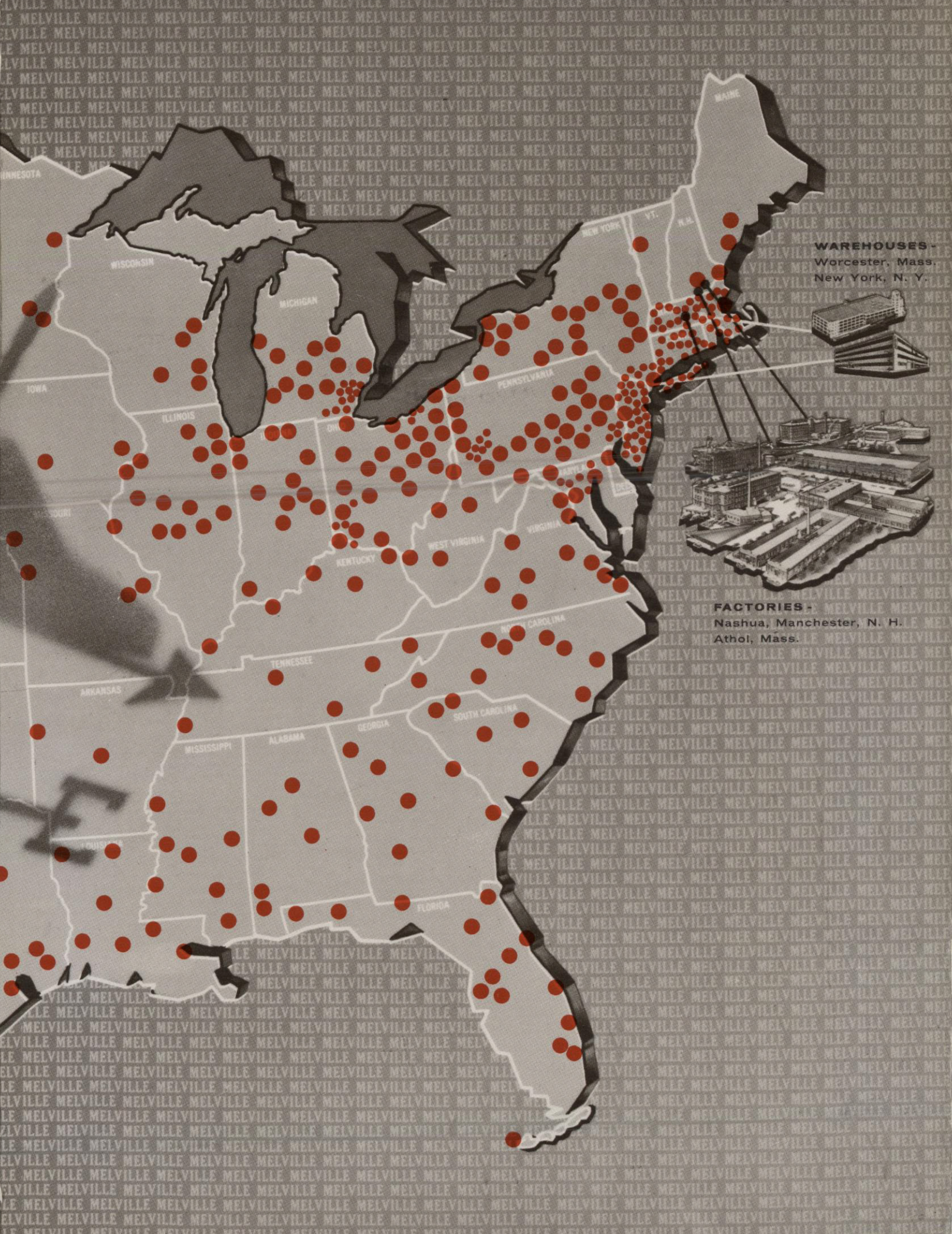
MELVILLE SHOE CORPORATION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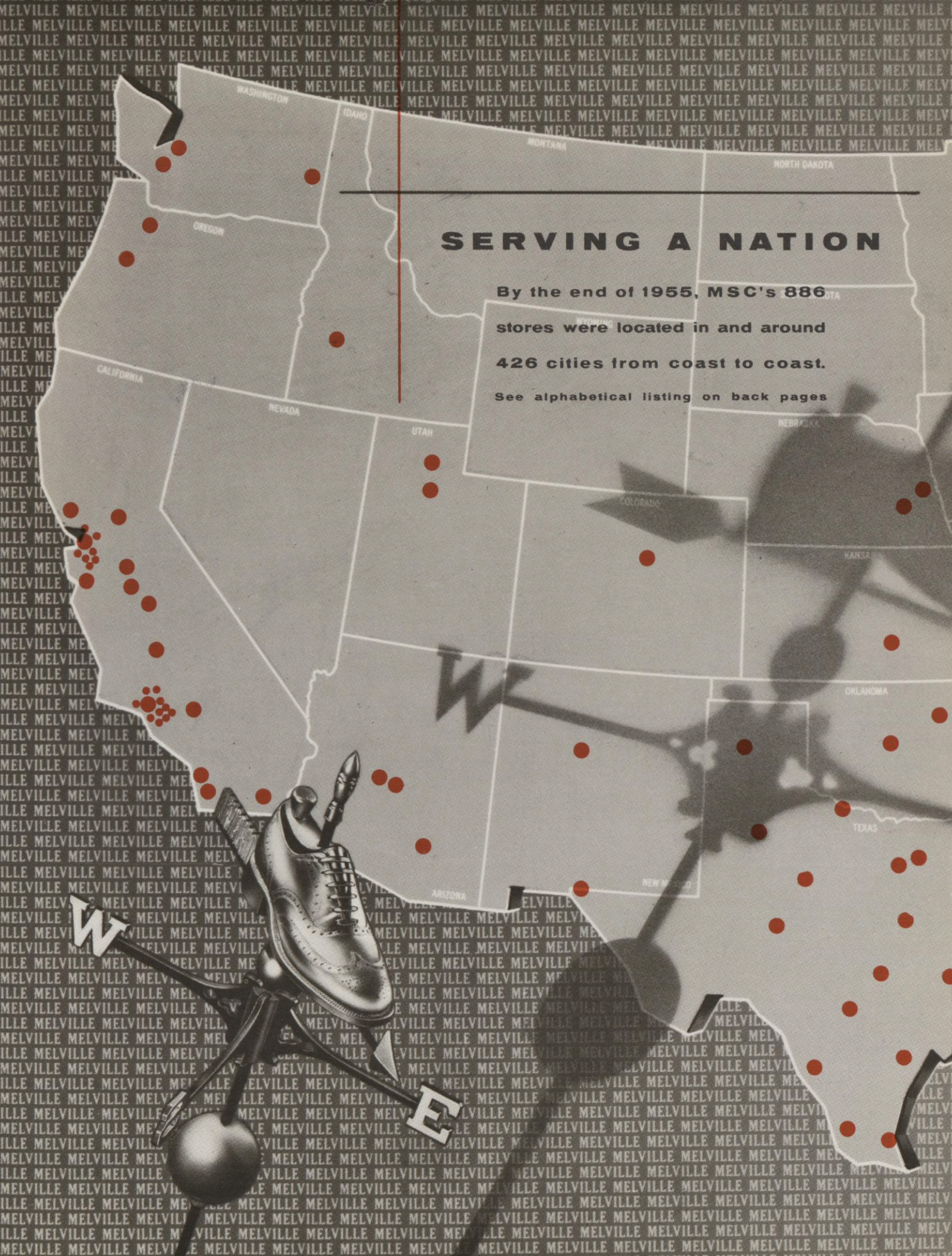
KENTUCKY
TENNESSEE
ARKANSAS
MISSISSIPPI
ALABAMA
GEORGIA
SOUTH CAROLINA
FLORIDA
WAREHOUSES -
Worcester, Mass.
New York, N. Y.
FACTORIES -
Nashua, Manchester, N. H.
Athol, Mass.

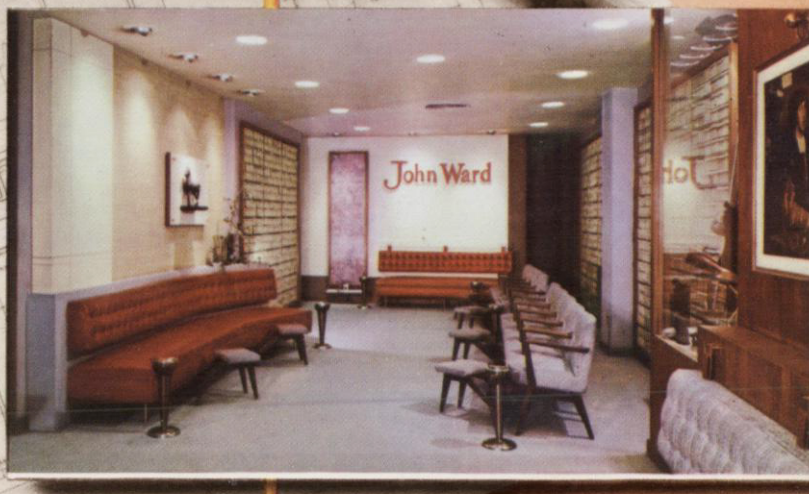


SERVING A NATION

By the end of 1955, MSC's 886 stores were located in and around 426 cities from coast to coast.

See alphabetical listing on back pages

MSC's advanced approach to modern, functional interior styling is typified in these three stores · Top to bottom: Thom McAn's new unit in Cross County Shopping Center, Yonkers, N. Y.; Miles' Main Street store in New Rochelle, N. Y.; and John Ward's Madison Ave. unit in N. Y. C.



1955 ANNUAL REPORT

MELVILLE SHOE CORPORATION

Executive Offices:
25 WEST 43rd STREET, NEW YORK 36, N. Y.

Accounting and General Offices and Warehouse:
44 HAMMOND STREET, WORCESTER 10, MASS.

J. F. McELWAIN COMPANY DIVISION

Factories:
NASHUA, N. H. (4); MANCHESTER, N. H. (7);
ATHOL, MASS. (2)

Offices:
103 TEMPLE STREET, NASHUA, N. H.
140 FEDERAL STREET, BOSTON 10, MASS.

MILES SHOES DIVISION

Executive Offices and Warehouse:
459 WEST 59th STREET, NEW YORK 19, N. Y.

Counsel: DAVIS POLK WARDWELL SUNDERLAND & KIENDL
Auditors: PEAT, MARWICK, MITCHELL & CO.
Transfer Agent: IRVING TRUST COMPANY, *1 Wall Street, New York 15, N. Y.*
Registrar: CITY BANK FARMERS TRUST CO., *22 William Street, New York 15, N. Y.*
▶ *Annual Meeting of Stockholders will be held in New York on April 10, 1956*

MELVILLE SHOE CORPORATION

Directors: J. FRANKLIN MC ELWAIN, *Chairman*

FREDERIC ATTWOOD, LESTER R. FALLON, DAVID W. HERRMANN, FRANCIS P. MURPHY, GEORGE DICK, JOEL E. FISHER, WARD MELVILLE, SEWARD M. PATERSON, ROBERT C. ERB, FRANCIS H. GLEASON, JOSEPH L. MERRILL, MURRAY M. ROSENBERG, J. BRENT WELLS

Executive Committee: MURRAY M. ROSENBERG, *Chairman*

FREDERIC ATTWOOD, J. FRANKLIN MC ELWAIN, WARD MELVILLE, JOSEPH L. MERRILL

Officers:

WARD MELVILLE, *President*

LESTER R. FALLON, *Executive Vice-President*

JOSEPH L. MERRILL, *Vice-President, Finance*

GEORGE DICK, *Vice-President*

J. BRENT WELLS, *Vice-President, Sales Promotion*

DAVID W. HERRMANN, *Vice-President, General Manager of Miles Shoes Chain*

ROBERT C. ERB, *Vice-President, President of J. F. McElwain Co.*

JOHN B. FITCH, *Vice-President, Personnel and Public Relations*

LEONARD A. SHEA, *Vice-President, General Manager of Thom McAn Gold Line Chain*

LAFAYETTE A. TREMBLAY, *Vice-President, General Manager of Thom McAn White Front Chain*

H. ALBERT BRODIN, *Treasurer and Ass't Sec'y.*

JOEL E. FISHER, *Secretary*

FRANK SOKOL, *Assistant Treasurer and Comptroller*

ARTHUR PAAR, RANDALL D. ESTEN, BERTHA K. SMITH, *Assistant Secretaries*

J. F. McELWAIN COMPANY DIVISION

Directors: J. FRANKLIN MC ELWAIN, *Chairman*

ROBERT C. ERB, FRANCIS H. GLEASON, WARD MELVILLE, FRANCIS P. MURPHY, RANDALL D. ESTEN, JAMES C. MACKAY, JOSEPH L. MERRILL, ROBERT A. T. NELSON, SEWARD M. PATERSON

Officers:

J. FRANKLIN MC ELWAIN, *Chairman of the Board*

ROBERT C. ERB, *President, General Manager, Head of Merchandising and Sales Division*

FRANCIS H. GLEASON, *Executive Vice-President, Assistant General Manager, Head of Upper Leather Division*

FRANCIS P. MURPHY, *Vice-President*

SEWARD M. PATERSON, *Vice-President*

ROBERT A. T. NELSON, *Vice-President, Head of Manufacturing Division*

JAMES C. MACKAY, *Vice-President, Head of Sole Leather Division*

RANDALL D. ESTEN, *Treasurer*

CLINTON P. WALLACE, *Comptroller*

AGNES H. FISCHER, *Assistant Treasurer*

MILES SHOES DIVISION

Directors: MURRAY M. ROSENBERG, *Chairman*

DAVID W. HERRMANN, SPENCER D. OETTINGER, MILES ROSENBERG, BERNARD D. LANG, LEON RICHMAN, SAMUEL H. ROSENBERG

Officers:

MURRAY M. ROSENBERG, *President*

SAMUEL H. ROSENBERG, *Vice-President*

DAVID W. HERRMANN, *Vice-President, Secretary and General Manager*

SPENCER D. OETTINGER, *Vice-President*

LEON RICHMAN, *Vice-President and Treasurer*

MEYER BOGORFF, *Vice-President*

WILLIAM N. STEINAM, *Vice-President*

SYLVAN BANE, *Vice-President*

NICHOLAS G. KUHN, *Vice-President*

ARTHUR D. GOLD, *Vice-President*

MILES ROSENBERG, *Assistant Secretary*

Melville Realty Company, Inc. and R-W Realty Company, Inc.

ARTHUR PAAR, *President*

JAMES O. THOMAS, *Vice-President*

DAVID W. HERRMANN, *Vice-President*

H. ALBERT BRODIN, *Treasurer*

JOEL E. FISHER, *Secretary*

BERTHA K. SMITH, WILLIAM N. STEINAM } *Assistant Secretaries*

FRANK SOKOL, *Assistant Treasurer*

Directors: H. ALBERT BRODIN, LESTER R. FALLON, JOEL E. FISHER, JOHN B. FITCH, ARTHUR PAAR, JAMES O. THOMAS

MELVILLE SHOE CORPORATION
25 WEST 43RD STREET
NEW YORK 36, N. Y.

To the Stockholders of Melville Shoe Corporation:

A summary of operation highlights for the year 1955 compared with 1954 appears on page 5 with comparative financial statements on pages 6, 7 and 8.

Net sales reached a new high. They were $114,495,706, an increase of $6,629,396 or 6.1% over 1954. Store sales also reached a new high. They were $106,721,861 compared with $100,839,255 in 1954. Sales to others, not including sales to the armed forces, increased to $41,466,204 from $39,823,871, an increase of 4.1% over 1954. Sales to the armed forces were $2,924,864, an increase of $238,105.

Earnings before taxes also reached a new high, amounting to $11,879,731 compared with $11,224,952 in 1954, an increase of $654,779 or 5.8%.

Earnings after taxes also reached a new high. They were $6,354,731 including a net real estate profit of $469,039. They compare to $5,979,952 in 1954. Earnings per share of common stock after preferred dividends were $2.24 compared with $2.11 in 1954, an increase of 6.2%.

Dividends paid on common stock during the year amounted to $1.80 per share, or at the same rate as paid for eight years. In addition, in December 1955 a dividend of 1/20 of 1 share of 4% $100. par value cumulative preferred stock series B was paid on each share of common stock outstanding. We continued to maintain our strong financial position. Cash and governments of $20,306,669 exceed our total current liabilities by $7,925,810. Our depreciation charges against earnings for the year provided 78% of our expenditures for capital improvements, the depreciation being $1,983,039 and capital improvements $2,556,822.

A continued steady growth was experienced during the year by entering new and expanding markets, with particular interest in shopping centers, to better serve our increasing number of customers and to extend to new areas the products we offer. Labor relations during the year were harmonious and, as usual, good working conditions were maintained for our 7,906 employees throughout the country. Every effort was employed to compensate our personnel properly, bearing in mind the need of a balance between the price of our product to our customers and the returns to those who supply their labor and to those who invest their savings in our company.

We welcome the many suggestions from our stockholders who are interested in helping management improve or otherwise better our service and relations with our customers. It is our continued aim to do so and we sincerely thank all who have helped us.

The splendid cooperation from all our associates and co-workers in our stores, warehouses, factories and offices is gratefully appreciated and we look forward to its continuation as in the past.

Respectfully submitted,

J. Franklin McElwain
CHAIRMAN OF THE BOARD

Ward Melville
PRESIDENT

March 5, 1956.

Description of the Business

MELVILLE SHOE CORPORATION, founded in 1892 and incorporated in 1914, is the largest integrated shoe manufacturing-retailing organization in the United States. It operated at the year-end 886 stores in 426 cities in 43 states and the District of Columbia; 13 factories in New Hampshire and Massachusetts; 2 warehouses, one in Worcester, Massachusetts, the other in New York City. From Worcester, shoes are distributed to 701 of the company's stores and from New York City, to 185.

Each warehouse serves as a record keeping center for accounting and merchandise distribution for its respective stores. Two executive offices are maintained in New York City, one for each of the principal retailing divisions, and one in Boston for the factories. The J. F. McElwain Company general factory offices are in Nashua, N. H.

Of the 701 stores supplied out of the Worcester warehouse, 688 are Thom McAn stores selling popular-priced men's and boys' shoes; 13 are John Ward stores located in the East, selling medium priced men's shoes. The first Thom McAn store was opened in 1922. Although 137 of the 688 Thom McAn stores sell women's and children's shoes in addition to men's and boys', over 87% of Thom McAn and John Ward business is in men's and boys' shoes, hosiery and rubber footwear. Combination stores selling men's and women's shoes are located principally in towns, neighborhoods and shopping centers where they may operate more profitably than stores selling men's and boys' only.

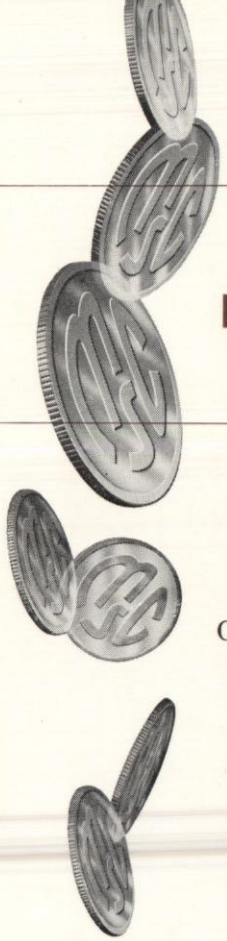
In 1939 Melville Shoe Corporation was merged with the J. F. McElwain Company, manufacturers of Thom McAn men's and boys' shoes, a company with which it already had worked in closest coordination for eighteen years. In 1954 the manufacturing company became the J. F. McElwain Company division of Melville Shoe Corporation. The manufacturing and distributing operations, although under one ownership, and although closely coordinated with merchandising, remain entirely separate in operation — one concentrating on production and the other on distribution.

As of October 1, 1952 Miles Shoes Incorporated was consolidated with the company and is operated as a division of the Melville Shoe Corporation. This division's 185 stores are in the East, in 101 cities in 11 states and the District of Columbia. Although they retail men's and boys' shoes, over 90% of sales are in women's and children's shoes and related women's merchandise. This companion division permits further flexibility in the distribution of shoes to areas or locations more advantageous to the profitable sale of women's merchandise. These stores specialize in popular-priced lines of women's and girls' shoes.

Highlights

	1955	1954	Percent Change
Sales:			
Stores	$106,721,861	$100,839,255	+ 5.8
Factory and Warehouse	41,466,204	39,823,871	+ 4.1
To Armed Forces	2,924,864	2,686,759	+ 8.9
Total Sales	151,112,929	143,349,885	+ 5.4
Inter-Division Sales	36,617,223	35,483,575	+ 3.2
Net Sales	114,495,706	107,866,310	+ 6.1
Earnings Before Federal Taxes	11,879,731	11,224,952	+ 5.8
Net Earnings After Taxes	6,354,731	5,979,952	+ 6.2
Net Earnings Percent of Total Sales	4.21%	4.17%	
Net Earnings Percent of Net Sales	5.55%	5.54%	
Earnings Per Share of Common Stock	$2.24	$2.11	+ 6.2
Dividends on Preferred Stock	102,128	102,128	
Dividends on Common Stock	5,022,818	5,022,818	
Dividends Per Share of Common Stock	1.80	1.80	
Wages and Compensation	29,774,594	27,608,280	+ 7.8
Taxes — Federal, State and Local	7,510,863	7,141,003	+ 5.1
Taxes — Per Share of Common Stock	2.69	2.56	+ 5.1
Cash and Governments*	20,306,669	19,026,788	+ 6.7
Inventories	15,479,906	13,521,812	+14.5
Total Current Assets	32,893,168	29,970,088	+ 9.8
Total Current Liabilities	7,089,991	5,260,823	+34.8
Net Working Capital	25,803,177	24,709,265	+ 4.4
Ratio of Working Capital	4.64	5.70	
Capital Additions and Improvements	2,556,822	1,721,299	+48.5
Depreciation	1,983,039	1,898,807	+ 4.4
Maintenance and Repairs	690,088	650,763	+ 6.0
Property, Plant, Equipment at Cost	22,784,670	21,774,371	+ 4.6
Accumulated Depreciation and Amortization	14,800,678	13,931,854	+ 6.2
Property, Plant and Equipment, Net	7,983,992	7,842,517	+ 1.8
Number of Stockholders	18,638	18,402	+ 1.3
Number of Employees	7,906	7,682	+ 2.9
Number of Stores	886	834	+ 6.2
Number of Shares of Preferred Stock	160,973	21,500	
Number of Shares of Common Stock	2,790,458	2,790,458	

*Includes Government securities purchased to cover tax liability



MELVILLE SHOE CORPORATION

STATEMENT OF CONSOLIDATED FINANCIAL

• ASSETS •

	1955	*1954*
Current assets:		
Cash	$15,015,801	$13,480,902
United States Government securities, at cost plus accrued interest.	5,290,868	5,545,886
Less deduction from liability for Federal taxes on income	5,290,868	5,338,228
	—	207,658
Accounts receivable, less provision for possible losses	1,143,299	1,223,185
Cash surrender value of life insurance policies on lives of officers being surrendered in 1956	367,615	704,659
Inventories (note 1):		
Finished goods	13,415,781	11,510,249
Work in process, raw materials and supplies	2,064,125	2,011,563
	15,479,906	13,521,812
Prepaid expenses	886,547	831,872
Total current assets	32,893,168	29,970,088
Property, plant and equipment, at cost:		
Land and buildings	1,327,281	2,188,589
Machinery and equipment	1,940,150	1,568,040
Store and office fixtures, improvements to leased properties and miscellaneous equipment	19,517,239	18,017,742
	22,784,670	21,774,371
Less accumulated depreciation and amortization	14,800,678	13,931,854
	7,983,992	7,842,517
Investments:		
Investments in and advances to non-consolidated subsidiary (note 2)	425,000	605,000
Miscellaneous investments, at cost, advances and sundry deposits	332,278	13,023
	757,278	618,023
	$41,634,438	$38,430,628

See accompanying notes to financial statements on page 9

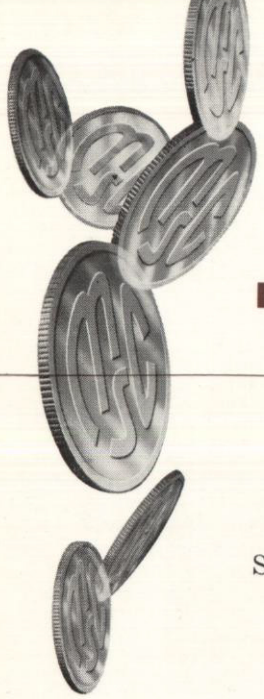
and Subsidiary Companies

CONDITION AS OF DECEMBER 31, 1955 WITH COMPARATIVE FIGURES FOR 1954

• LIABILITIES •

	1955	1954
Current liabilities:		
Accounts payable	$ 4,072,189	$ 2,406,879
Accrued expenses	2,725,347	2,853,944
Federal taxes on income	5,583,323	5,338,228
Less United States Government securities	5,290,868	5,338,228
	292,455	—
Total current liabilities	7,089,991	5,260,823
Provision for self-insurance, retirement payments, etc.	270,790	120,933
Stockholders' equity:		
Capital stock:		
Cumulative preferred stock, par value $100 each, issuable in series. Authorized 250,000 shares in 1955 and 150,000 shares in 1954.		
Issued and outstanding:		
Series A, $4.75 dividend, (redeemable at $100 plus accrued dividends) 21,500 shares less 50 shares acquired at par in 1955 for cancellation under the sinking fund provision	2,145,000	2,150,000
Series B, $4.00 dividend, 139,523 shares (issued as a dividend on common stock, redeemable at amounts ranging from $103 from December 1, 1960 to $100 after December 1, 1966, plus accrued dividends in each case)	13,952,300	—
	16,097,300	2,150,000
Common stock, par value $1 each, Authorized, 3,500,000 shares; issued and outstanding, 2,790,458 shares (note 3)	11,899,047	11,899,047
	27,996,347	14,049,047
Balance of earnings retained for use in the business	6,277,310	18,999,825
Total stockholders' equity	34,273,657	33,048,872
	$41,634,438	$38,430,628

Contingent liabilities (note 3)



MELVILLE SHOE CORPORATION

and Subsidiary Companies

Statement of Consolidated Earnings and Balance of Consolidated Earnings Retained for use in the Business. Year ended December 31, 1955, with comparative figures for 1954

	1955	*1954*
Sales:		
Stores	$106,721,861	$100,839,255
Factories and warehouse	44,391,068	42,510,630
	151,112,929	143,349,885
Less inter-division sales	36,617,223	35,483,575
Net sales	114,495,706	107,866,310
Other income (note 4)	947,360	355,523
	115,443,066	108,221,833
Cost of sales and store operating, selling, general and administrative expenses (exclusive of following deductions)	101,162,159	94,729,298
	14,280,907	13,492,535
Deduct:		
Depreciation	1,983,039	1,898,807
Employees' retirement plans (note 5)	345,706	279,068
Other charges	72,431	89,708
	2,401,176	2,267,583
	11,879,731	11,224,952
Provision for Federal taxes on income	5,525,000	5,245,000
Net earnings	6,354,731	5,979,952
Balance of earnings retained for use in the business at beginning of year	18,999,825	18,144,819
	25,354,556	24,124,771
Deduct:		
Cash dividends paid:		
Preferred stock, Series A, $4.75 a share	102,128	102,128
Common stock, $1.80 a share	5,022,818	5,022,818
Stock dividend paid on common stock:		
1/20th of a share of $100 par value $4.00 Cumulative preferred stock, Series B on each share of outstanding common stock	13,952,300	—
	19,077,246	5,124,946
Balance of earnings retained for use in the business	$ 6,277,310	$ 18,999,825

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1. Approximately 44% of the consolidated inventories are valued at last-in, first-out (Lifo) cost, which is substantially below market. The remaining portion of inventories is valued at the lower of cost or market, based mainly on the retail inventory method.

2. The investment in and advances to a non-consolidated subsidiary represent the ownership of all outstanding common stock in the amount of $300,000 and advances of $125,000. There is outstanding and held by others 150 shares ($15,000) of 5% voting preferred stock, constituting 37½% of the voting control. During 1955 the subsidiary constructed a warehouse and office building at a cost of $3,300,000 which it financed by means of a $3,000,000, 3½% note, payable in quarterly installments ranging from $15,000 to $47,000 together with interest, maturing in 1984. Payment of the amount outstanding at December 31, 1955, $2,970,000, is unconditionally guaranteed by Melville Shoe Corporation. Approximately 50% of the space is rented by the Miles Division of Melville Shoe Corporation from the subsidiary. The underlying net book value pertaining to the common stock and advances at December 31, 1955, based on unaudited financial statements, amounted to approximately $385,000.

3. Additional capital amounting to $9,066,897, which arose from conversion of 4% preferred shares into common shares prior to redemption of the 4% preferred issue in February 1950, is included in common stock capital in accordance with statutory requirements. Common stock capital also includes $41,692 capital arising from purchase by Miles Shoes Incorporated of its preferred shares under par value before consolidation, September 30, 1952.

4. At December 31, 1955 the total minimum annual fixed rentals payable under leases expiring after five years was approximately $2,435,000 plus real estate taxes, insurance, etc., under certain leases. Leases covering about 80% of this amount expire on various dates within the next 13 years. During the year the company sold a warehouse property at a profit of $638,402 which is included in "other income" and leased it back under a 30 year lease at an annual rental of about $56,000 plus real estate taxes, insurance, etc. The gain on the sale amounted to $469,039 after taxes.

5. No contribution was required to be made to the trusteed plan which was instituted in 1944 as this plan became fully funded in 1954. Pension costs charged to earnings in 1955 represent provision in respect of the unfunded factory employees' plan. This plan is part of a union agreement which is subject to automatic renewal annually, unless notice is given by either party, though the plan itself is not subject to negotiation during an initial five year period ending in 1958. It is intended to make annual provision sufficient during the five year period to cover pensions for life to factory employees expected to retire during the period.

Accountants' Report

PEAT, MARWICK, MITCHELL & CO.
ACCOUNTANTS AND AUDITORS
JOHN HANCOCK BUILDING
BOSTON 16, MASS.

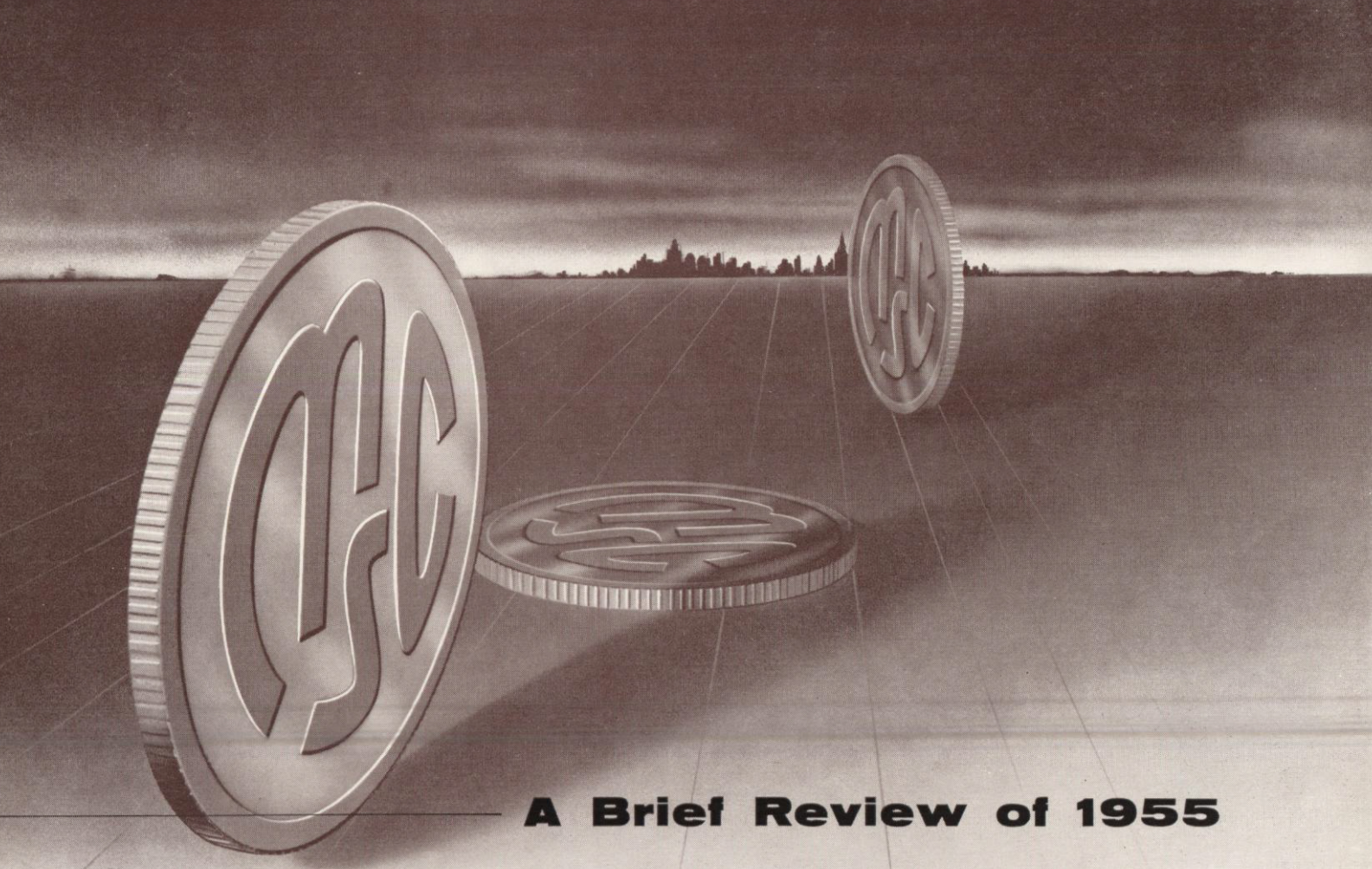
To the Board of Directors and Shareholders of Melville Shoe Corporation:

We have examined the statement of consolidated financial condition of Melville Shoe Corporation and subsidiary companies as of December 31, 1955 and the related statement of consolidated earnings and balance of consolidated earnings retained for use in the business for the year then ended. Our examination, which included all divisions and companies except the Miles Shoes division and related subsidiaries (which are of major importance), was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. As regards the Miles Shoes division and related subsidiaries, the accounts of which are incorporated in the accompanying consolidated financial statements, we have been furnished with the report of S. D. Leidesdorf & Co., Certified Public Accountants.

In our opinion, based on our examination and on the report referred to in the preceding paragraph, the accompanying statement of consolidated financial condition and statement of consolidated earnings and balance of consolidated earnings retained for use in the business present fairly the financial position of Melville Shoe Corporation and related companies at December 31, 1955 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & CO.

New York, N. Y., February 21, 1956.



A Brief Review of 1955

Net earnings for the year were $6,354,731 as compared with $5,979,952 in 1954. This is the equivalent to $2.24 per share of common stock, after providing for preferred dividends, compared with $2.11 per share in 1954. Earnings before taxes were $11,879,731 compared with $11,224,952 in the preceding year.

Store sales reached a new high of $106,721,861 compared with the previous year of $100,839,255. Total net sales were $114,495,706 compared with $107,866,310, an increase of $6,629,396. Net inventories were $15,479,906 compared with $13,521,812 in 1954, an increase of 14.5%, reflecting the needs of additional stores and a greater variety in our merchandise.

Retail operations were expanded according to plan, with particular interest in suburban shopping centers. With the change in buying habits brought about by increasing trends toward suburban areas, combination stores selling men's, women's, boys' and girls' merchandise continued their rapid growth.

During the year the J. F. McElwain Company continued its two sole leather plants and its ten shoe factories making men's and boys' shoes and established a plant for the production of misses' and children's shoes. It is expected that this operation will be extended in the future to implement the growth of our combination stores throughout the country.

On August 1, 1955 the Miles Shoes Division completed construction and moved into its new Warehouse and Office Building at 59th St. & 10th Ave., New York City.

Miles presently occupies approximately 140,000 square feet for its own use. The building contains 20 truck docks, designed to accommodate the longest trailers now in use, which greatly accelerates the receiving and shipping of merchandise, resulting in faster service to the stores. Warehouse operations are mechanized where necessary for maximum efficiency.

Distribution of Sales Revenue

The distribution of the company's receipts from sales is as shown below:

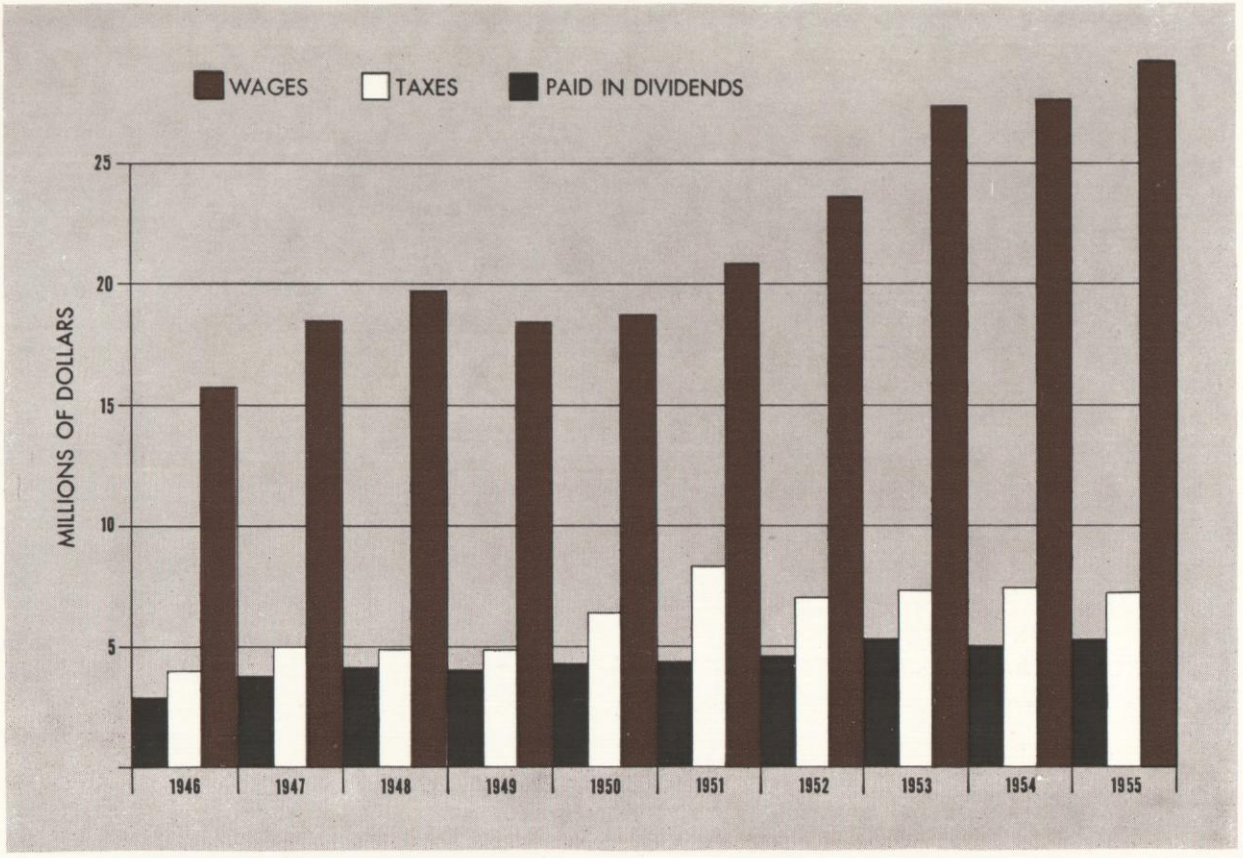
	1955	*1954*
The Company received from its product	$114,495,706	$107,866,310
The Company paid for materials, merchandise and all expenses, exclusive of taxes and amounts paid to or for the benefit of employees	70,855,518	67,137,075
Remainder	43,640,188	40,729,235
This was divided as follows:		
Wages and compensation	29,774,594*	27,608,280
Taxes	7,510,863	7,141,003
Paid to stockholders or retained in the business	6,354,731	5,979,952

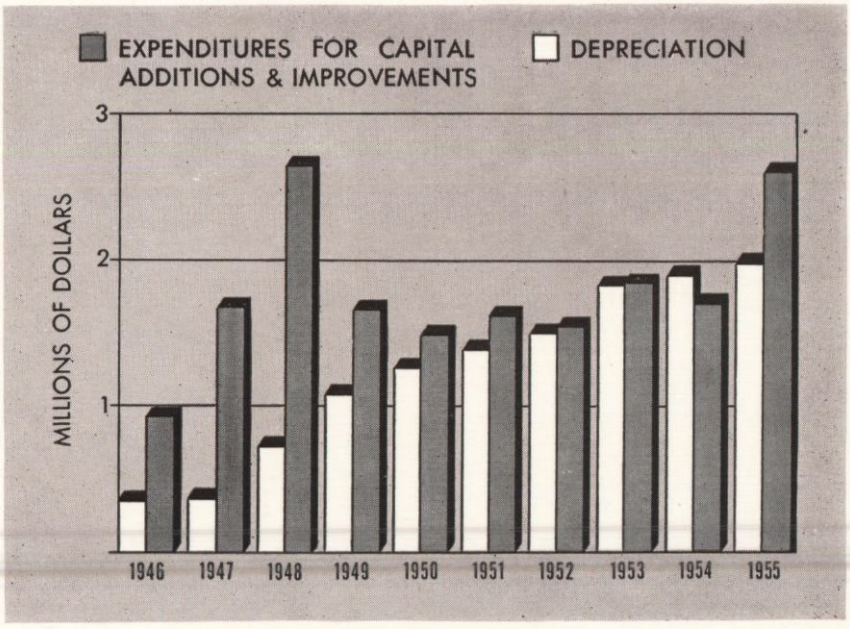
**The highest in the history of the Company*

After payments for materials, merchandise, taxes and other necessary expenses, 82% of the balance went to the company's 7,906 employees and 18% was paid to the 18,638 stockholders or retained in the business to provide for expansion.

Federal, state and local taxes were equivalent to $2.69 per share of common stock outstanding compared with $2.56 per share in 1954. This is 20% more than the $2.24 net earnings after taxes per share for common stock in 1955.

Provision for Federal income taxes amounted to $5,525,000 which is equal to $1.98 per share of common stock outstanding.





Financial Position

Financially we are in a strong position, with cash and governments at the end of the year amounting to $20,306,669 compared with $19,026,788 at the end of 1954. Our ratio of current assets to current liabilities was 4.64 to 1 compared with 5.70 to 1 as of December 31, 1954. Inventories are valued substantially below current market level and fixed assets of the company are carried on our books considerably under replacement values. During the year no officer or director was in debt to the company in any amount.

Stores

In 1955 the company remodelled, enlarged or otherwise improved 26 stores. 15 stores were replaced by new stores in different locations in the same communities, 12 were closed and 64 new stores were opened.

Advertising and Public Relations

In addition to its program of advertising in LIFE magazine and other media of national circulation, the company continued its dominant advertising at the local level in major metropolitan markets where a majority of its shoes are sold. Local newspapers and, in certain markets, television were employed for this purpose. All new store openings were vigorously promoted with gratifying results.

A recent extensive consumer survey made for the company showed that Thom McAn men's shoes continue to be the best known and best selling brand in all major markets.

Our public relations activities were, as heretofore, an important part of our whole promotion program. Locally, these activities are devoted to identifying us as good citizens and neighbors; nationally they aim to disseminate facts about the company, its policies and activities which make for favorable recognition and prestige.

Dividend Record

Melville Shoe Corporation has paid dividends consecutively for 40 years since the year in which it began to function as a corporation. During the last 10 years the company has paid to its common stockholders 80% of its earnings after preferred dividends. Since 1892, the year the business was organized, it has not had an unprofitable year.

Stockholders

At the end of the year the company had 18,638 stockholders living in 48 States, the District of Columbia and 14 foreign countries. 16,082 or 86.3% of our stockholders owned 100 shares or less, 18,447 or 99% of our stockholders owned 1,000 shares or less.

Proxies

Proxies will be solicited on or about March 8, 1956 for the Annual Meeting to be held in New York on April 10, 1956.

Financial and Operating Record

For the Years 1946-1955

Year	Stores at Year-end	Store Sales	Factory and Warehouse Sales	Total Sales	Net Sales	Wages and Compensation	Taxes-All	Excess Profit Tax	Earnings before Federal Income and Excess Profit Taxes	Earnings After Taxes	Earnings Per Common Share*	Dividends Per Common Share
1955	886	$106,721,861	$44,391,068	$151,112,929	$114,495,706	$29,774,594	$7,510,863	—	$11,879,731	$6,354,731	$2.24	$1.80
1954	834	100,839,255	42,510,630	143,349,885	107,866,310	27,608,280	7,141,003	—	11,224,952	5,979,952	2.11	1.80
1953	794	99,551,584	45,613,054	145,164,638	108,870,972	27,327,473	6,962,746	$155,000	10,933,798	5,732,798	2.02	1.80
1952	739	77,362,760	47,104,106	124,466,866	90,384,955	23,584,510	6,631,069	262,500	9,780,990	4,712,170	1.91	1.80
1951	577	71,075,477	54,847,259	125,922,736	92,740,699	21,052,294	7,228,010	544,995	10,456,529	4,669,369	2.00	1.80
1950	560	70,886,795	42,978,136	113,864,931	77,080,780	18,924,759	5,653,838	234,551	9,630,686	5,188,836	2.22	1.80
1949	560	71,864,212	43,292,986	115,157,198	78,028,920	19,258,854	4,640,645	—	9,099,339	5,538,010	2.37	1.80
1948	547	75,568,381	48,446,862	124,015,243	83,593,261	19,842,748	4,919,880	—	9,655,816	5,907,816	2.52	1.80
1947	519	71,992,773	48,566,594	120,559,367	77,145,950	18,747,576	4,971,733	—	9,437,690	5,419,690	2.45	1.65
1946	519	60,213,552	35,072,592	95,286,144	63,835,344	15,728,749	3,397,749	—	6,586,968	3,895,968	1.73	1.15

*On common shares outstanding at end of each year, after allowing for preferred dividends paid (except 1952 when average number of shares was used) after adjustment for 2 for 1 stock split in 1946 and all conversions of the formerly outstanding 4% preferred shares into common shares.

STORES OF MELVILLE SHOE CORPORATION

as of December 31, 1955

Thom McAn — 688 STORES
Including Leased Departments(*) and Agency(**), in 395 Cities in 43 States and the District of Columbia

Miles Shoes — 185 STORES
In 101 Cities in 11 States and the District of Columbia

John Ward — 13 STORES
Boston • Newark • New York (8) • Philadelphia • Washington • Hempstead

THOM McAN STORES:

Alabama (6)

Birmingham (2)
Mobile
Montgomery
Prichard
Tuscaloosa

Arizona (4)

Mesa
Phoenix (2)
Tucson

Arkansas (2)

Fort Smith
Little Rock

California (39)

Alhambra
Bakersfield
Compton
El Centro
Fresno
Glendale
Hollywood
Huntington Park
Lakewood
Long Beach
Los Angeles (3)
Modesto
National City
North Hollywood
Oakland (2)
Palo Alto
Pasadena
Pomona
Redwood City
Richmond
Sacramento (2)
San Bernardino
San Diego
San Francisco (5)
San Jose
San Mateo (2)
Santa Monica
Santa Rosa
Stockton
Van Nuys

Colorado (3)

Denver (3)

Connecticut (22)

Bridgeport (2)
Bristol
Danbury
Derby
East Hartford
Hamden
Hartford (3)
Meriden
Middletown
New Britain
New Haven (3)
New London
Norwich
South Manchester
South Norwalk
Stamford
Waterbury

Delaware (1)

Wilmington

District of Columbia (5)

Washington (5)

Florida (22)

Daytona Beach
Fort Lauderdale (2)
Gainesville
Jacksonville (2)
Key West
Lakeland
Miami (5)
Miami Beach
Orlando
Panama City
Pensacola
St. Petersburg
Tallahassee
Tampa (2)
West Palm Beach

Georgia (9)

Albany
Atlanta (3)
Augusta
Columbus
Macon
Rome
Savannah

Idaho (1)

Boise

Illinois (36)

Aurora
Bloomington
Blue Island
Chicago (22)
Chicago Heights
Danville
Decatur
Galesburg
Joliet
Kankakee
Moline
Peoria
Quincy
Rock Island
Springfield

Indiana (14)

Anderson
Elkhart
Evansville
Fort Wayne (2)
Gary
Hammond
Indianapolis (2)
Lafayette
Marion
Muncie
Richmond
South Bend

Iowa (2)

Davenport
Des Moines

Kansas (1)

Wichita

Kentucky (9)

Ashland*
Covington
Lexington
Louisville (3)
Newport
Owensboro
Paducah

Louisiana (10)

Alexandria

Baton Rouge
Lafayette
Lake Charles
Monroe
New Orleans (4)
Shreveport

Maine (2)

Lewiston
Portland

Maryland (13)

Baltimore (9)
College Park
Cumberland
Hagerstown
Silver Spring

Massachusetts (44)

Attleboro
Boston (11):
- Allston
- Boston (3)
- Dorchester (2)
- East Boston
- Hyde Park
- Roslindale
- Roxbury
- South Boston

Brockton
Cambridge
Chelsea
Everett
Fall River
Fitchburg
Framingham
Gloucester
Haverhill
Holyoke
Lawrence (2)
Lowell
Lynn (2)
Malden
Medford
New Bedford (2)
Norwood**
Pittsfield
Quincy
Salem
Somerville
Springfield (2)
Wakefield
Waltham
Woburn
Worcester (3)

Michigan (36)

Adrian
Ann Arbor
Battle Creek
Bay City
Dearborn
Detroit (13)
Ferndale
Flint
Grand Rapids
Hamtramck
Highland Park
Jackson
Kalamazoo
Lansing (2)
Lincoln Park
Monroe
Muskegon
Pontiac
Port Huron
River Rouge
Saginaw
West Dearborn
Wyandotte

Minnesota (4)

Duluth
Minneapolis (2)
St. Paul

Mississippi (7)

Biloxi*
Greenville
Hattiesburg
Jackson
Meridian
Natchez
Vicksburg

Missouri (14)

Kansas City (3)
Maplewood
St. Joseph
St. Louis (9)

Nebraska (3)

Lincoln
Omaha (2)

New Hampshire (2)

Manchester
Portsmouth

New Jersey (37)

Asbury Park
Atlantic City
Bayonne
Bergenfield
Bloomfield
Camden (2)
Elizabeth
Hackensack (2)
Harrison
Hoboken
Irvington
Jersey City (4)
Morristown
Newark (6)
New Brunswick
Orange
Passaic
Paterson
Perth Amboy
Plainfield
Red Bank
Somerville
Trenton
Union
Union City
Vineland
West New York

New Mexico (1)

Albuquerque

New York (132)

Albany (3)
Amsterdam
Bay Shore
Binghamton
Buffalo (7)
Elmira
Endicott
Freeport
Glens Falls
Hempstead
Hicksville
Huntington
Ithaca
Jamestown
Kenmore
Levittown
Lockport
Lynbrook
Mount Vernon
Newburgh
New Rochelle
Niagara Falls (2)
New York (83):
- Manhattan (18)
- Bronx (14)
- Brooklyn (29)
- Queens (20)
- Richmond (2)

Patchogue
Peekskill
Port Chester
Poughkeepsie
Rochester (3)
Rockville Centre
Schenectady
Syracuse (2)
Troy
Utica (2)
Valley Stream
White Plains
Yonkers (2)

North Carolina (9)

Asheville
Charlotte
Durham
Greensboro
High Point
Jacksonville
Raleigh
Wilmington
Winston-Salem

Ohio (55)

Akron (2)
Alliance
Ashtabula
Canton (2)
Cincinnati (4)
Cleveland (13)
Columbus (6)
Cuyahoga Falls
Dayton (5)
Euclid
Hamilton
Lima
Lorain (2)
Mansfield
Middletown
Norwood
Portsmouth
Springfield
Steubenville
Toledo (4)
Warren (2)
Youngstown (2)
Zanesville

Oklahoma (2)

Oklahoma City
Tulsa

Oregon (3)

Portland (2)
Salem

Pennsylvania (51)

Allentown
Altoona
Beaver Falls
Braddock
Bridgeville
Chester
Erie (2)
Greensburg
Harrisburg
Hazleton
Homestead
Johnstown

Continued on next page

Lemoyne
Levittown
McKeesport
Monroeville
Natrona Heights
New Castle
New Kensington
Philadelphia (19)
Pittsburgh (3)
Pottsville
Reading
Scranton
Sharon
Uniontown
Upper Darby
Wilkes-Barre
York (2)

Rhode Island (9)

Newport
Pawtucket (2)
Providence (3)
Westerly
West Warwick
Woonsocket

South Carolina (5)

Charleston
Columbia
Florence
Greenville
Spartanburg

Tennessee (6)

Chattanooga
Johnson City
Knoxville
Memphis (2)
Nashville

Texas (38)

Abilene
Amarillo
Austin (2)
Baytown
Beaumont
Brownsville
Corpus Christi (2)
Dallas (5)
El Paso
Fort Worth (2)
Galveston
Houston (8)
Laredo
Lubbock
McAllen
Port Arthur
San Angelo
San Antonio (4)
Tyler
Waco
Wichita Falls

Utah (2)

Ogden
Salt Lake City

Vermont (1)

Burlington

Virginia (10)

Arlington
Danville
Harrisonburg
Lynchburg
New Alexandria
Newport News
Norfolk
Portsmouth
Richmond
Roanoke

Washington (4)

Seattle (2)
Spokane
Tacoma

West Virginia (5)

Charleston
Clarksburg
Huntington
Parkersburg
Wheeling

Wisconsin (7)

Appleton
Madison
Milwaukee (3)
Oshkosh
West Allis

MILES STORES:

Connecticut (7)

Bridgeport
Danbury
East Hartford
Hamden
Meriden
South Norwalk
Stamford

District of Columbia (1)

Washington

Delaware (2)

Newark
Wilmington

Maryland (3)

Dundalk
Essex
Glen Burnie

Massachusetts (1)

Pittsfield

New Jersey (42)

Asbury Park
Bayonne
Belleville
Bergenfield
Bloomfield
Camden
Clifton
Elizabeth
Englewood
Fairlawn
Hackensack
Hoboken
Irvington
Jersey City (5)
Linden
Long Branch
Morristown
Newark (5)
New Brunswick
Orange
Passaic
Paterson
Perth Amboy
Plainfield
Rahway
Red Bank
Toms River
Trenton (2)
Union
Union City
Vineland
West New York
Westwood

New York (110)

Albany (2)
Amsterdam
Bay Shore
Delmar
East Syracuse
Eggertsville
Elmira
Franklin Square
Freeport
Glen Cove
Glens Falls
Gloversville
Great Neck
Hempstead
Hicksville
Huntington
Levittown
Lynbrook
Mount Vernon
Middletown
Newburgh
New Rochelle
New York (73):
Manhattan (17)
Bronx (15)
Brooklyn (18)
Queens (21)
Richmond (2)
Niagara Falls
Patchogue
Peekskill
Port Chester
Poughkeepsie
Riverhead
Rochester
Schenectady
Troy
Utica
Wantagh
White Plains
Yonkers (2)

Ohio (6)

Columbus
Euclid
Maple Heights
Medina
Middleburg Heights
Willowick

Pennsylvania (10)

Easton
Erie
Havertown
Philadelphia (2)
Pottsville
Scranton
Wilkes-Barre
Williamsport
York

South Carolina (1)

Florence

Virginia (1)

Arlington

West Virginia (1)

Wheeling

MELVILLE SHOE CORPORATION